

Message Text

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ACTION EUR-25

INFO OCT-01 ADP-00 EURE-00 CIAE-00 PM-07 INR-10 L-03

NEA-10 NSAE-00 PA-03 RSC-01 PRS-01 USIA-15 TRSE-00

MBFR-03 SAJ-01 H-03 NSC-10 SS-15 ACDA-19 OMB-01 ABF-01

IO-13 OIC-04 RSR-01 /147 W

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FM USMISSION NATO

TO SECSTATE WASHDC PRIORITY 1303

SECDEF WASHDC PRIORITY

C O N F I D E N T I A L SECTION 1 OF 2 USNATO 4005

E.O. 11652: GDS79

TAGS: PARM MCAP NATO

SUBJECT: MBFR: NATO COST SHARING

REFS: A. STATE 167148

B. USNATO 3936

C. USNATO 3573

D. STATE 170764

BEGIN SUMMARY. AT MEETING ON 23 AUG 73 THE OPEN-ENDED ADMIN GROUP WAS CONFRONTED WITH NATO INTERNATIONAL STAFF PAPER SETTING UP A SEPARATE BUDGET FOR THE AD HOC GROUP OFFICE IN VIENNA. SINCE PROPOSALS WERE CONSIDERABLY MODIFIED FROM PREVIOUS TENTATIVE AGREEMENTS (REF C), INTERNATIONAL STAFF PAPER WAS SCREENED AND ACCEPTED AD REFERENDUM BY MOST DELEGATIONS. ACTION REQUESTED: GUIDANCE ON IS PROPOSAL PRIOR TO NEXT MEETING ON AUGUST 30. END SUMMARY.

1. INTERNATIONAL STAFF PAPER (ANNEX TO PB(73)35) AS MODIFIED BY ADMIN GROUP IS QUOTED BELOW:

QUOTE BUDGETARY ASPECTS. 1. A SEPARATE BUDGET SHALL BE ESTABLISHED TO FINANCE THE OPERATIONS OF THE ADHOC GROUP OFFICE, CONFIDENTIAL

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VIENNA. IT SHALL BE EXECUTED IN ACCORDANCE WITH THE NATO FINANCIAL AND CIVILIAN PERSONNEL REGULATIONS. RESPONSIBILITY FOR PREPARATION AND EXECUTION OF THE GUDGET SHALL REST WITH THE SECRETARY GENERAL, ACTING THROUGH THE DIRECTOR OF ADMINISTRATION

AND PERSONNEL AND THE FINANCIAL CONTROLLER, INTERNATIONAL STAFF/ SECRETARIAT. THE BUDGET SHALL IN CONSEQUENCE NOT FORM AN INTEGRAL PART OF THE INTERNATIONAL MILITARY BUDGET, EVEN IF, FOR ADMINISTRATIVE CONVENIENCE, IT MAY BE ASSIMILATED TO A MILITARY BUDGET.

2. THE BUDGET SHALL IN PRINCIPLE COVER ONLY THOSE COMMON EXPENDITURES NECESSARY TO ENABLE THE INTERNATIONAL STAFF/ SECRETARIAT TO SERVICE EFFICIENTLY THE AD HOC GROUP, THE REPRESENTATIVE OF THE SECRETARY GENERAL AND THE NATO MILITARY REPRESENTATION TO THE AD HOC GROUP. INsofar AS REQUIREMENTS OF DELEGATIONS (E.G., EQUIPMENT AND FURNISHING OF OFFICES; HEATING AND LIGHTING OF OFFICES; INSTALLATION OF TELEPHONES; TELECOMMUNICATIONS, ETC.) ARE, FOR ADMINISTRATIVE CONVENIENCE, INCLUDED IN THE BUDGET, THEY SHALL BE SUBJECT TO REIMBURSEMENT ACCORDING TO A FORMULA TO BE DECIDED. THE REIMBURSEMENTS SO OBTAINED SHALL BE ENTERED AS MISCELLANEOUS RECEIPTS IN THE BUDGET ACCOUNTS. ANY SUCH FACILITIES WHICH ARE PROVIDED IN THE BUDGET FOR NATO MILITARY REPRESENTATION SHALL BE SUBJECT TO SIMILAR REIMBURSEMENT FROM THE APPROPRIATE MILITARY BUDGETS, WHICH SHALL CONTINUE TO BEAR DIRECTLY ALL OTHER OPERATING COSTS (SUCH AS

TRAVEL, PER DIEM, HOSPITALITY, ETC.) INCURRED THROUGH REPRESENTATION AT VIENNA. (WITH A VIEW TO FACILITATING ANY FUTURE COST-ACCOUNTING OF THE VIENNA OPERATION WHICH MAY BE DESIRED, FINANCIAL CONTROLLERS OF MILITARY HEADQUARTERS SHALL ENSURE THAT THEIR ACCOUNTS PERMIT RAPID IDENTIFICATION OF ALL EXPENDITURES RELATED THERETO.)

3. THE BUDGET SHALL BE ESTABLISHED ON AN ANNUAL BASIS IN ACCORDANCE WITH THE NATO FISCAL YEAR (1ST JANUARY-31ST DECEMBER). THE FIRST BUDGET SHALL EXCEPTIONALLY, FOR ADMINISTRATIVE CONVENIENCE, COVER THE PERIOD 1 ST OCTOBER 1973 TO 31 ST DECEMBER 1974. IT MAY INCLUDE PROVISION FOR ALL OR PART OF THOSE EXPENDITURES ALREADY INCURRED BY THE INTERNATIONAL STAFF/ SECRETARIAT FOR PREPARATORY WORK IN VIENNA (ESSENTIALLY TRAVEL AND PER DIEM EXPENSES), THE AMOUNT OF ANY SUCH PROVISION CONFIDENTIAL

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BEING INTENDED FOR REIMBURSEMENT TO THE INTERNATIONAL STAFF/ SECRETARIAT AS A DIRECT OFFSET FOR ITS EXPENDITURES. THE DATE OF CLOSURE OF THE BUDGET MAY BE LATER THAN THAT OF THE EFFECTIVE CLOSING DOWN OF THE VIENNA OFFICE TO TAKE ACCOUNT OF THE POSSIBILITY OF UNSETTLED EXPENDITURES (E.G., DISPUTES OVER REHABILITATION OF PREMISES, ETC.).

4. THE BUDGET FORMAT SHALL BE THE STANDARD THREE CHAPTER (CIVILIAN PERSONNEL, OPERATIONAL AND CAPITAL EXPENSES) FORMAT IN USE FOR CERTAIN INTERNATIONAL MILITARY BUDGETS. (NOTE: AFTER THE MEETING OF THE MBFR ADMINISTRATIVE GROUP HELD ON THURSDAY, 23RD AUGUST, 1973, ONE DELEGATION REQUESTED THAT THE TEXT AT THIS POINT CONTAIN THE FOLLOWING OPTION FOR FURTHER

DISCUSSION: QTE (FORE ADMINISTRATIVE CONVENIENCE, THE GUDGET SHALL FORM A SELF-CONTAINED ANNEX TO THE BUDGET OF THE INTERNATIONAL MILITARY STAFF) UNQTE.

5. THE COMMON EXPENDITURES COVERED IN THE BUDGET SHALL BE SUBJECTED TO THE ESTABLISHED FOURTEEN NATION COST SHARING FORMULA OF THE INTERNATIONAL MILITARY BUDGET.

6. FOR 1973 AND 1974 AND IN SUBSEQUENT YEARS, THE FINANCING OF THE BUDGET OF THE VIENNA OFFICE SHALL K CONSIDERED WITHOUT REFERENCE TO THE CEILINGS AGREED OR TO BE AGREED FOR THE ANNUAL BUDGETS OF THE INTERNATIONAL STAFF/SECRETARIAT.

7. CONTRIGUTIONS TO THE BUDGET SHALL BE THE SUBJECT OF SEPARATELY IDENTIFIABLE CALLS FOR FUNDS, WHICH WILL BE ISSUED IN ACCORDANCE WITH THE PROCEDURES PRESCRIBED BY THE NATO FINANCIAL REGULATIONS. A FIRST CALL FOR CONTRIBUTIONS TO THE BUDGET MAY BE ISSUED, IF NECESSARY, BEFORE THE END OF 1973.

8. THE ANNUAL BUDGET ESTIMATES FOR THE VIENNA OFFICE SHALL BE REVIEWED BY THE MBFR ADMINISTRATIVE GROUP, CONSTITUTED FOR THIS PURPOSE AS AN AD HOC BUDGETARY COMMITTEE, OPEN TO PARTICIPATION BY THE DELEGATIONS OF ALL CONTRIBUTING COUNTRIES AND PRESIDED BY THE CHAIRMAN OF THE BUDGET COMMITTEES. THE AD HOC BUDGETARY COMMITTEE SHALL PRESENT ITS RECOMMENDATIONS ON THE BUDGET FOR APPROVAL BY THE COUNCIL (DEFENSE PLANNING COMMITTEE?).

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9. IN VIEW OF THE URGENCY OF THE BUDGETARY DECISIONS WHICH WILL BE REQUIRED TO SET UP THE AD HOC GROUP OFFICE, VIENNA, BEFORE 30TH OCTOBER 1973, THE COUNCIL (DEFENSE PLANNING COMMITTEE?)

MAY SEE ADVANTAGE IN DELEGATING TO THE AD HOC BUDGETARY COMMITTEE POWERS OF DECISION TO APPROVE THE FIRST ANNUAL BUDGET OF THE OFFICE UNQUOTE.

2. CEULEMANS, NATO FINANCIAL CONTROLLER, EXPLAINED TO THE GROUP THAT PREVIOUS AGREEMENT TO ESTABLISH VIENNA BUDGET WITHIN NATO MILITARY BUDGET WOULD VEST CONTROL OF BUDGET IN INTERNATIONAL MILITARY STAFF AND THAT THIS WAS UNACCEPTABLE TO SYG. IT WAS THEREFORE NECESSARY TO ESTABLISH ENTIRELY NEW BUDGET (THOUGH SOURCE OF FUNDS WAS LEFT VAGUE) TO COVER COMMON EXPENDITURE IN VIENNA AND TO SOLICIT FROM THE NAC/DPC DELEGATED AUTHORITY FOR THE APPROVAL OF THE FIRST EXPENDITURES.

3. MR. KUNZIG, NATO DIRECTOR OF PERSONNAL AND ADMINISTRATION, WARNED THE GROUP THAT ADDITIONAL COSTS WOULD HAVE TO BE CONTEMPLATED BEYOND THE BF 12 MILLION IN THE PRESENT ESTIMATE. FOR INSTANCE, AT LEAST TWO OF THE POSTS TO BE FILLED FROM THE INTERNATIONAL SECRETARIAT WOULD HAVE TO BE REPLACED AT CHARGE TO THE VIENNA BUDGET. SOME NATIONAL DELEGATES SUGGESTED THAT, SINCE THE MILITARY BUDGET WAS TO BE CHARGED FOR MILITARY REPRESENTATION
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COSTS, THE CIVIL BUDGET SHOULD ACCEPT THE COSTS FOR PARTICIPATION BY PERMANENT INTERNATIONAL STAFF PERSONNEL. THIS RAISED QUESTION OF FRENCH POSITION ON THESE COSTS IN THE CIVIL BUDGET, TO WHICH KUNZIG REPLIED THAT MATTER WOULD BE INTRODUCED IN CBC BY PARAGRAPH IN 1973 SUPPLEMENTAL BUDGET REQUEST (BC-D(73)36) STATING:

QUOTE MBFR. 9. THE SUPPLEMENTARY ESTIMATES MAKE NO PROVISION FOR THE MBFR NEGOTIATIONS DUE TO BEGIN IN OCTOBER 1973. INITIAL PREPARATIONS, BETWEEN JANUARY AND JULY, HAVE ENTAILED A NUMBER OF STAFF MISSIONS TO VIENNA, WITH THE ASSOCIATED TRAVEL AND PER DIEM EXPENDITURE. HOWEVER, IT IS CURRENTLY ESTIMATED THAT THE OVER-ALL TRAVEL CREDITS WILL SUFFICE, ALTHOUGH TRANSFER WITHIN CHAPTER II MAY PROVE NECESSARY. THIS SITUATION MAY CHANGE IF EXPENDITURES ON TRAVEL TO VIENNA WERE TO INCREASE SUBSTANTIALLY BEFORE IT IS DECIDED TO WHICH BUDGET THESE TRAVEL COSTS ARE TO BE IMPUTED.

10. THE ADMINSTRATIVE SUPPORT IN VIENNA IS BEING ASSESSED BY AN AD HOC WORKING GROUP. WHILE BROAD REQUIREMENTS ARE KNOWN, BUDGETARY ACTION MUST AWAIT MORE PRECISE DETAILS OF THE PERSONNEL AND OTHER SUPPORT REQUIRED AND A DECISION REGARDING IMPUTATION. IN THE CIRCUMSTANCES A FURTHER SUBMISSION TO THE CIVIL BUDGET COMMITTEE MAY BE NECESSARY LATER IN THE YEAR UNQUOTE.

4. IN VIEW OF GENERAL AGREEMENT ON INTERNATIONAL STAFF PROPOSAL WHICH WAS CONTRARY TO PREVIOUS AGREEMENTS AND WASINGTON INSTRUCTIONS, US REP RESERVED HIS POSITION. THERE DOES NOT, HOWEVER, APPEAR TO BE MUCH SUBSTANTIVE OBJECTION TO

THE PROPOSAL WHICH DISPOSES OF PROBLEM OF LACK OF FRENCH CONTRIBUTION AS WELL AS THOUGH THE VIENNA EXPENSES HAD BEEN INCLUDED IN THE MILITARY BUDGET. MISSION NEEDS TO KNOW, HOWEVER, SOURCE OF US CONTRIBUTION (STATE OR DEFENSE) AND WHETHER OR NOT WE CAN NOW AGREE TO FIRST BUDGET COVERING 1 OCTOBER 1973 THROUGH 31 DECEMBER 1974. (MISSION COMMENT: REF D, JUST RECEIVED, APPEARS TO AGREE TO CIVIL BUDGET FUNDING UNDER CONDITIONS WHICH WILL PROBABLY BE UNACCEPTABLE TO THE SYG, WHILE REF A STATES THAT COMMON EXPENSES SHOULD BE PAID OUT OF THE NATO MILITARY BUDGET. END COMMENT).

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5. REQUEST GUIDANCE IN TIME FOR MEETING AT 1600 HOURS ON AUGUST 30TH.
RUMSFELD

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